

TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE



FISCAL MEMORANDUM

SB 2393 – HB 2472

April 16, 2018

**SUMMARY OF ORIGINAL BILL:** Requires a local education agency (LEA) to perform a deep needs assessment prior to establishing a community school and develop a community school plan based on the deep needs assessment.

Requires the Department of Education (DOE) to create and administer a community schools grant program to assist certain low performing schools in implementing a community schools program. Requires grant recipients to hire a site-based coordinator.

Establishes the Transformational Community Schools Fund (Fund) as a separate account within the state Treasury for the purpose of funding community school grants where administration may be funded from the Fund. Caps grant amounts for community schools at \$150,000 per school per year. Clarifies that funds in the Fund may come from multiple sources including an appropriation by the General Assembly, federal funds, and private funds.

CORRECTED FISCAL IMPACT OF ORIGINAL BILL:

Increase State Revenue – Exceeds \$1,000,000/Transformational  
Community Schools Grant Fund

Increase State Expenditures – Exceeds \$1,172,700/General Fund  
Exceeds \$1,000,000/Transformational  
Community Schools Grant Fund

Increase Local Revenue – Exceeds \$1,000,000/Permissive

Increase Local Expenditures – Exceeds \$90,000/Permissive

**SUMMARY OF AMENDMENTS (012998, 013789, 017374):** Amendment 012998 Deletes language in the original bill which defines community consortium.

Amendment 013789 adds language to the original bill requiring a report by The Office of Research and Education Accountability (OREA) of the Comptroller of the Treasury.

Amendment 017374 requires the Fund to be funded entirely by federal and private sources.

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## **FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENTS:**

**Other Fiscal Impact – To the extent sufficient recurring funding of at least \$1,000,000 is first made available to the newly-created Transformational Community Schools Fund (Fund) from the federal government or from private funding sources, or from both, there will be a recurring increase in state expenditures from the Fund exceeding \$1,000,000 with subsequent recurring increases in local revenue exceeding \$827,300 available for school community grants, as well as a permissive recurring increase in local expenditures exceeding \$90,000 for grant administration. The timing for such impacts are unknown.**

### **Assumptions Related to the Grant Program Management:**

- This legislation requires the DOE to provide technical assistance as well as oversight to LEAs that seek a grant to transition their priority and focus schools to community schools as a turnaround strategy.
- In order to run the grant program, the DOE will need a Grants Manager position and a Grants Program Director position to coordinate with schools that wish to transition to community schools.
- Per the language of the legislation, administrative costs of the transformational grant program will be funded from interest generated from the Transformational Community Schools Fund (Fund).
- The Grants Manager position will receive a salary of \$57,876, benefits of \$16,857, and \$5,000 for supplies; the Program Director position will receive a salary of \$69,216, benefits of \$18,738, and \$5,000 for supplies; therefore, a recurring increase in state expenditures for personnel from the Fund estimated to be \$172,687 (\$57,876 + \$16,857 + \$5,000 + \$69,216 + \$18,738 + \$5,000).
- Funds for administrative positions and oversight will not be expended until federal or private funds are received to fund these positions. The timing and extent of federal or private funding is unknown.

### **Assumptions Related to Eligible Schools and Grant Amounts:**

- Based on information from the DOE, there are 83 priority schools and 125 focus schools that could be eligible for grants under this legislation.
- The maximum grant amount to each school is \$150,000.
- The specific amount of private and federal funding to the Fund for grants cannot be determined due to unknown factors such the amount of grant funding that will be donated by private sources or made available by the federal government.
- However, it is reasonable to assume that at least \$1,000,000 in private and federal funding will be required each year to fully effectuate the purpose of this legislation relative to approximately 208 schools (83 priority + 125 focus) that could become

eligible for such grants. Therefore, the recurring increase in state revenue to the Fund is estimated to exceed \$1,000,000.

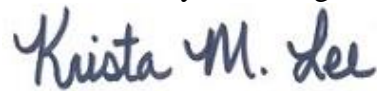
- The required position costs will be paid from the Fund leaving the remainder of funds available for the purpose of grants as specified in the legislation. Therefore, it is estimated that at least \$827,313 (\$1,000,000 - \$172,687) will be available each year for additional school grants.
- Awards of grants are subject to the receipt of federal and/or private money into the Fund.

#### Assumptions Relative to Local Expenditures:

- Any impact to local government operations is permissive.
- Under the provisions of the legislation, LEAs that wish to transition a school to a community school will need to hire and train a site based coordinator.
- Based on information from the Comptroller of the Treasury's Office of Research and Education Accountability (OREA), through the Community Schools in Tennessee model, community schools are required to match at least \$18,000 per site coordinator towards the site coordinator's salary.
- The required match for site coordinators can come from multiple sources, including from the newly created grant fund.
- It is unknown the extent to which site coordinators will be required. However, it is reasonable to assume the relevant permissive recurring increase in local government expenditures will exceed \$90,000 per year. This equates to a minimum of five coordinators statewide (\$90,000 / \$18,000).

#### **CERTIFICATION:**

The information contained herein is true and correct to the best of my knowledge.



Krista M. Lee, Executive Director

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